

TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Bangor Township	County Van Buren
Audit Date 3/31/05	Opinion Date 9/15/05	Date Accountant Report Submitted to State: 9/27/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

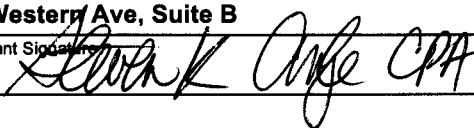
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASL GU).			✓

Certified Public Accountant (Firm Name) Angle & Steffes, P.C.			
Street Address 430 Western Ave, Suite B	City Allegan	State MI	ZIP 49010
Accountant Signature 		Date	

TOWNSHIP OF BANGOR

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INDEPENDENT AUDITOR'S REPORT

September 15, 2005

To the Township Board
Township of Bangor
VanBuren County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Bangor, VanBuren County, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bangor Township, VanBuren County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

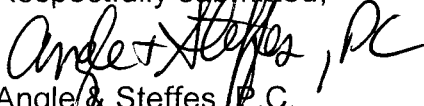
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Bangor as of March 31, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis- for State and Local Governments, as of March 31, 2003.

The management's discussion and analysis and budgetary comparison information on pages 2 through 3 and 19 through 21 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,


Angela Steffes, P.C.
Certified Public Accountants

Management's Discussion and Analysis Bangor Township, Van Buren County

The Township as a Whole

The Township's combined net assets for the year ending March 31, 2005 totalled \$825.3 thousand. While the tax base of the Township advances due to continued building in the area, revenues obtained from the state in the form of revenue sharing have been cut back.

Because of the uncertainty of State revenue sharing during the course of the year the Board of Trustees took the position that certain low priority capital asset expenditures should be postponed until cuts in State revenue sharing issues had been settled, while still funding services at the same or increased levels. The net result of this action and the fact that in the end revenue sharing was not cut nearly as much as first suggested accounted for much of the increase in net assets.

Given the fact that revenue sharing hasn't, to date, decreased more than it has and given the fact that TV (taxable value) is increasing above the rate of inflation and the Board of Trustees keep a restrained approach to low priority capital asset expenditures and given the level of unrestricted reserve fund assets (\$459.4 thousand), the Township's net assets remain healthy.

Government Activities

The Township's total governmental revenues increased by approximately \$31.4 thousand over the previous year. This was due to increases in rental income and tax collection. All other categories were down.

Expenses decreased by approximately \$24.3 thousand over the previous year. This was due to a decrease in spending in the categories of General Government and Public Works. The total expenses of the Township remained below revenues.

The Township's Funds

This report includes an analysis of the Township's major funds. The fund financial statements provide detail information about the most significant funds, not the township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2004 - 2005 include the General Fund, Road Fund, and Fire Fund.

The General Fund represents the Township's unrestricted fund and is used to provide most of the Township's services and provides for the Township's day to day operation.

The Road Fund is a restricted fund which tracks revenues obtained from taxes collected from road millage. These funds may only be used for the maintenance and improvement of roads within the Township.

The Fire Fund is a restricted fund which tracks revenues obtained from taxes collected from fire millage. These funds may only be used to provide fire protection and ambulance services within the Township.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. The most significant variance with the amended budget falls in the area of State aid which shows an overage of \$12.4 thousand. The Township budgeted for a questionable state economy.

Capital Asset and Debt Administration

At the end of the 2004 - 2005 fiscal year, the Township had \$190.5 thousand in a wide range of net capital assets including buildings, office equipment, and furnishings. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Van Buren County Road Commission.

Also it should be noted that the Township as an entity in the ABB Fire Department and also in accordance with the ABB Fire Department agreement holds a share of the assets of the ABB Fire Department should the Department be dissolved. As long as this Township remains an entity of the ABB Fire Department then all assets remains ABB's and is reported on their audit.

The Township has no long term debt liabilities.

Economic Factors and Next Year's Budgets and Rates

The 2005 - 2006 budget calls for tax rates to be levied at the maximum after Headlee rollbacks. The Board of Trustees also committed through the budget to a millage rate for fire and ambulance at a constant level and fund the remaining obligation for fire protection service from the general fund.

Hopefully the economy will improve and revenue sharing funds will be restored. With a healthy reserve fund balance and a watchful eye on the budget the Township should fare well and still provide necessary services.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's office.

TOWNSHIP OF BANGOR
GOVERNMENT WIDE STATEMENT OF NET ASSETS
MARCH 31, 2005

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 559,055	\$ 559,055
Investments	0	0
Receivables - net	216,330	216,330
Prepays	4,986	4,986
Capital assets - net	190,499	190,499
 Total Assets	 970,870	 970,870
LIABILITIES		
Accounts payable	2,961	2,961
Accrued and other liabilities	142,604	142,604
Noncurrent Liabilities		
Due within one year	0	0
Due in more than one year	0	0
 Total Liabilities	 145,565	 145,565
NET ASSETS		
Invested in Capital Assets		
Net of related debt	190,499	190,499
Restricted For		
Cemetery care	1,000	1,000
Streets and highways	160,880	160,880
Public safety	13,525	13,525
Unrestricted	459,401	459,401
 Total Net Assets	 \$ 825,305	 \$ 825,305

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BANGOR
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2005

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		
					Governmental Activities	Business-Type Activities	Primary Government Total
Primary Government							
General government	99,438	925	0	0	(98,513)	0	(98,513)
Public safety	144,385	18,177	0	0	(126,208)	0	(126,208)
Public works	243,292	748	0	0	(242,544)	0	(242,544)
Health and welfare	26,926	0	0	0	(26,926)	0	(26,926)
Community/Economic development	1,160	0	0	0	(1,160)	0	(1,160)
Total Governmental Activities	515,201	19,850	0	0	(495,351)	0	(495,351)
Total Primary Government	\$ 515,201	\$ 19,850	\$ 0	\$ 0	(495,351)	0	(495,351)
General Revenues							
Property taxes					368,069	0	368,069
State revenues					180,395	0	180,395
Unrestricted investment earnings					4,022	0	4,022
Rents					4,732	0	4,732
Miscellaneous					263	0	263
Gain on sale of assets					150	0	150
Transfers					0	0	0
Total General Revenues-Special Items and Transfers					557,631	0	557,631
Change in Net Assets					62,280	0	62,280
Net Assets-Beginning					763,025	0	763,025
Net Assets-Ending					\$ 825,305	\$ 0	\$ 825,305

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BANGOR
GOVERNMENTAL FUND BALANCE SHEET
March 31, 2005

	General Fund	Road Fund	Fire Fund	Non-Major Governmental Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 558,055	\$ 0	\$ 0	\$ 1,000	\$ 559,055
Investments	0	0	0	0	0
Receivables - net	30,539	18,276	13,525	2,961	65,301
Due from other funds	8,425	142,604	0	0	151,029
Prepays	4,986	0	0	0	4,986
Total Assets	602,005	160,880	13,525	3,961	780,371
LIABILITIES					
Accounts payable	0	0	0	2,961	2,961
Due to other funds	142,604	0	0	0	142,604
Total Liabilities	142,604	0	0	2,961	145,565
FUND BALANCES					
Reserved for					
Cemetery care	0	0	0	1,000	1,000
Road projects	0	160,880	0	0	160,880
Public safety	0	0	13,525	0	13,525
Unreserved	459,401	0	0	0	459,401
Total Fund Balances	\$ 459,401	\$ 160,880	\$ 13,525	\$ 1,000	\$ 634,806

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

Net Assets of Governmental Activities

190,499

\$ 825,305

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BANGOR
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
March 31, 2005

	General Fund	Road Fund	Fire Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes and penalties	63,373	161,694	116,843	26,159	368,069
Licenses and permits	2,427	0	0	15,750	18,177
State aid	177,434	2,961	0	0	180,395
Charges for services	1,673	0	0	0	1,673
Interest and rentals	8,754	0	0	0	8,754
Other revenue	263	0	0	0	263
Total Revenues	253,924	164,655	116,843	41,909	577,331
Expenditures					
Current					
General government	92,228	0	0	0	92,228
Public safety	0	0	127,101	17,284	144,385
Public works	31,242	212,050	0	0	243,292
Health and welfare	0	0	0	26,926	26,926
Recreation and cultural	0	0	0	0	0
Community/Economic development	1,160	0	0	0	1,160
Capital outlay	1,772	0	0	0	1,772
Total Expenditures	126,402	212,050	127,101	44,210	509,763
Excess of Revenues Over (Under) Expenditures	127,522	(47,395)	(10,258)	(2,301)	67,568
Other Financing Sources (Uses)					
Transfers in	0	56,744	1,530	2,301	60,575
Transfers (out)	(60,575)	0	0	0	(60,575)
Proceeds from sale of fixed assets	150	0	0	0	150
Total Other Financing Sources (Uses)	(60,425)	56,744	1,530	2,301	150
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	67,097	9,349	(8,728)	0	67,718
Fund Balance-April 1, 2004	392,304	151,531	22,253	1,000	567,088
Fund Balance-March 31, 2005	\$ 459,401	\$ 160,880	\$ 13,525	\$ 1,000	\$ 634,806

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BANGOR
FIDUCIARY FUNDS-STATEMENT OF NET ASSETS
MARCH 31, 2005

	Agency Fund (Property Tax Collection Fund)
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 10,035
	<u> </u>
Total Assets	<u><u>\$ 10,035</u></u>
 LIABILITIES	
Accounts payable	\$ 0
Due to other governmental units	1,610
Due to other funds	<u>8,425</u>
	<u> </u>
Total Liabilities	<u><u>\$ 10,035</u></u>

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Bangor, VanBuren County, Michigan is a general law Township. The Township operates under an elected Board/Supervisor form of government and provides the following services as authorized by its charter: public safety, highways and street, public improvements, cultural recreation, planning and zoning, and administrative services.

The accounting policies of the Township of Bangor conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund and Fire Fund are Special Revenue Funds of the Township. The Road Fund and Fire Fund are used to account for the proceeds of specific revenue tax millages that are legally restricted to expenditures for specified purposes.

Additionally, the government reports the following non-major fund types:

The Building Inspection Fund is a Special Revenue Fund of the Township. The Building Inspection Fund is used to account for all resources of the Township's permits and licenses.

The Hospital and Senior Services Funds are Special Revenue Funds of the Township. These funds are used to account for the proceeds of specific tax millages that are used to support public health and welfare services.

The Permanent Cemetery Care fund accounts for principal of a savings bond, whose interest earnings are allowed to maintain and care for general gravesites.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Township of Bangor does not have enterprise funds.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Finally, the government reports the following fund types:

The Tax Collection Fund is a Fiduciary Fund accountable for assets held by the Township in a trustee or agency capacity for individuals, private organizations, other governments, and/or other funds.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July for State Education Tax, and on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent in the following September and March of the respective period, at which time penalties and interest are assessed.

TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Fire Equipment	07 to 25 years
Vehicles	03 to 05 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

Compensated Absences (Vacation and Sick Leave)-It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements differ from the Governmental fund financial statements only for the effect of the inclusion of capital assets.

Capitalized Asset Costs	\$ 263,587
Less Accumulated Depreciation	<u>(73,088)</u>
Capital Assets, net	190,499
Governmental Fund Balances	<u>634,806</u>
Net Assets of Governmental Activities	<u>\$ 825,305</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Township Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Township Board, therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds-During the year, the Local Governmental Unit did not incur expenditures in budgeted funds which were in excess of the amounts appropriated.

Fund Deficits-The Local Governmental Unit has no accumulated fund balance deficits at this time.

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 4 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Government</u>
Cash and Cash Equivalents	\$ 559,055	\$ 10,035	\$ 569,090

The breakdown between deposits and investments is as follows:

	<u>Total Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 569,090
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	-
Total	<u>\$ 569,090</u>

The bank balance of the primary government's deposits is \$569,090, of which \$211,541 is covered by federal depository insurance.

TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major, nonmajor funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	Major Funds			Non-Major and Other Funds	Total
	General Fund	Road Fund	Fire Fund		
Taxes receivable	\$ 6,072	\$ 18,276	\$ 13,525	\$ 2,961	\$ 40,834
State share revenues receivable	24,467	0	0	0	24,467
Due from other funds	8,425	142,604	0	0	151,029
Less: allowance for uncollectibles	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Receivables	<u>\$ 38,964</u>	<u>\$ 160,880</u>	<u>13,525</u>	<u>\$ 2,961</u>	<u>\$ 216,330</u>

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 10,500	0	0	\$ 10,500
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>10,500</u>	<u>0</u>	<u>0</u>	<u>10,500</u>
Capital Assets Being Depreciated				
Buildings	225,289	0	0	225,289
Improvements other than buildings	13,135	0	0	13,135
Machinery and equipment	13,281	1,772	(390)	14,663
Infrastructure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>251,705</u>	<u>1,772</u>	<u>(390)</u>	<u>253,087</u>
Less Accumulated Depreciation for				
Buildings	47,328	5,633	0	52,961
Improvements other than buildings	7,257	543	0	7,800
Machinery and equipment	<u>11,683</u>	<u>1,034</u>	<u>(390)</u>	<u>12,327</u>
Subtotal	<u>66,268</u>	<u>7,210</u>	<u>(390)</u>	<u>73,088</u>
Net Capital Assets Being Depreciated	<u>185,437</u>	<u>(5,438)</u>	<u>0</u>	<u>179,999</u>
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	<u>\$ 195,937</u>	<u>\$ (5,438)</u>	<u>\$ 0</u>	<u>\$ 190,499</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General government	<u>\$ 7,210</u>
Total Governmental Activities	<u>\$ 7,210</u>

TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
General	\$ 8,425	Tax Collection	\$ 8,425
Road Special Millage	<u>142,604</u>	General	<u>142,604</u>
Total	<u>\$ 151,029</u>		<u>\$ 151,029</u>

Interfund Transfers

<u>Transfers In</u>	<u>Transfers (Out)</u>		<u>Total</u>
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	
Road Special Millage Fund	\$ 56,744	\$ 0	\$ 56,744
Fire Special Millage Fund	1,530	0	1,530
Non-Major Governmental Funds	<u>2,301</u>	<u>0</u>	<u>2,301</u>
Total	<u>\$ 60,575</u>	<u>\$ 0</u>	<u>\$ 60,575</u>

**TOWNSHIP OF BANGOR
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 8 - A.B.B. JOINT FIRE DISTRICT

The Township is a member of the A.B.B. Joint Fire District. The participants of the Joint Fire District includes the City of Bangor, and Townships of Bangor and Arlington. The community fire district provides fire protection services to the residents of the respective municipalities. Operating charges are assessed to the participants in a ratio proportionate to their state equalized values of the real property. The Township appoints one member to the joint venture's governing board, and also approves the annual budget.

The Township paid \$125,938 to the A.B.B. Joint Fire District in the fiscal year.

NOTE 9 - AMBULANCE AGREEMENT

The Coloma Emergency Ambulance Service Inc. and Bangor Township have been parties to a five year agreement which ended in 2004. The new five year contract is currently being renegotiated at the same terms as the prior contract; the Coloma Ambulance Service will pay \$500 rental per month for use of the Township's ambulance building. In exchange, the Township shall receive ambulance service in the Township.

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF BANGOR
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2005

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	392,304	392,304	392,304	(0)
Resources (Inflows)				
Property taxes	58,296	58,296	63,373	5,077
State aid	165,000	165,000	177,434	12,434
Licenses and permits	2,000	2,000	2,427	427
Charges for services	5,500	5,500	1,673	(3,827)
Interest and rentals	12,000	12,000	8,754	(3,246)
Miscellaneous revenues	3,500	3,500	263	(3,237)
Proceeds from sale	0	0	150	150
Transfers from other funds	0	0	0	0
Amounts Available for Appropriation	638,600	638,600	646,378	7,778
Charges to Appropriations (Outflows)				
General Government				
Township board	23,850	23,850	18,806	5,044
Supervisor	11,000	11,000	9,650	1,350
Finance	7,050	7,050	4,513	2,538
Treasurer	15,550	15,550	15,224	326
Assessing	14,600	14,900	12,713	2,187
Clerk	11,750	11,750	11,052	698
Elections	7,000	7,750	4,648	3,102
Other General Government				
Building and grounds	15,900	15,900	6,137	9,763
Attorney	10,000	10,000	3,858	6,142
Cemetery	17,100	17,100	5,627	11,473
Public Safety				
Fire	0	0	0	0
Building inspections	0	0	0	0
Public Works				
Roads	7,500	7,500	943	6,557
Transfer station	41,750	41,750	30,299	11,452
Recreation and culture	8,100	8,100	0	8,100
Health and welfare	650	650	0	650
Community/Economic development	9,190	9,190	1,160	8,030
Capital outlay	2,000	2,000	1,772	228
Transfers to other funds	0	60,900	60,575	325
Total Charges to Appropriations	202,990	264,940	186,977	77,963
Budgetary Fund Balance-March 31	<u>\$ 435,610</u>	<u>\$ 373,660</u>	<u>\$ 459,401</u>	<u>\$ 85,741</u>

**TOWNSHIP OF BANGOR
BUDGETARY COMPARISON SCHEDULE
MAJOR ROAD FUND
YEAR ENDED MARCH 31, 2005**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Beginning of Year Fund Balance	\$ 151,531	\$ 151,531	\$ 151,531	\$ (0)
Resources (Inflows)				
Property taxes	159,998	159,998	161,694	\$ 1,696
State aid	0	0	2,961	\$ 2,961
Transfers from other funds	<u>0</u>	<u>57,000</u>	<u>56,744</u>	<u>\$ (256)</u>
Amounts Available for Appropriation	<u>311,529</u>	<u>368,529</u>	<u>372,930</u>	<u>4,401</u>
Charges to Appropriation (Outflows)				
Public Works				
Roads	<u>250,000</u>	<u>250,000</u>	<u>212,050</u>	<u>37,950</u>
Total Charges to Appropriations	<u>250,000</u>	<u>250,000</u>	<u>212,050</u>	<u>37,950</u>
Budgetary Fund Balance-March 31	<u>\$ 61,529</u>	<u>\$ 118,529</u>	<u>\$ 160,880</u>	<u>\$ 42,352</u>

**TOWNSHIP OF BANGOR
BUDGETARY COMPARISON SCHEDULE
MAJOR FIRE FUND
YEAR ENDED MARCH 31, 2005**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Beginning of Year Fund Balance	\$ 22,253	\$ 22,253	\$ 22,253	\$ 0
Resources (Inflows)				
Taxes and penalties	116,058	116,058	116,843	785
Transfers from other funds	<u>0</u>	<u>1,600</u>	<u>1,530</u>	<u>(70)</u>
Amounts Available for Appropriation	<u>138,311</u>	<u>139,911</u>	<u>140,626</u>	<u>715</u>
Charges to Appropriations (Outflows)				
Public Safety				
Fire	<u>118,010</u>	<u>128,010</u>	<u>127,101</u>	<u>909</u>
Total Charges to Appropriations	<u>118,010</u>	<u>128,010</u>	<u>127,101</u>	<u>909</u>
Budgetary Fund Balance-March 31	<u>\$ 20,301</u>	<u>\$ 11,901</u>	<u>\$ 13,525</u>	<u>\$ 1,624</u>

ADDITIONAL INFORMATION

TOWNSHIP OF BANGOR
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2005

	Special Revenue Funds				Total Non-Major Governmental Funds
	Permanent Cemetery Fund	Hospital	Building Inspection	Senior Services	
Assets					
Cash and cash equivalents	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 1,000
Investments	0	0	0	0	0
Receivables - net	0	1,772	0	1,189	2,961
Due from other funds	0	0	0	0	0
Total Assets	<u>\$ 1,000</u>	<u>\$ 1,772</u>	<u>\$ 0</u>	<u>\$ 1,189</u>	<u>\$ 3,961</u>
Liabilities and Fund Equity					
Liabilities					
Accounts payable	\$ 0	\$ 1,772	\$ 0	\$ 1,189	\$ 2,961
Due to other funds	0	0	0	0	0
Total Liabilities	0	1,772	0	1,189	2,961
Fund Balance					
Reserved	1,000	0	0	0	1,000
Unreserved	0	0	0	0	0
Total Fund Equity	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>
Total Liabilities and Fund Equity	<u>\$ 1,000</u>	<u>\$ 1,772</u>	<u>\$ 0</u>	<u>\$ 1,189</u>	<u>\$ 3,961</u>

TOWNSHIP OF BANGOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2005

	Special Revenue Funds			Total Non-Major Governmental Funds
	Hospital	Building Inspection	Senior Services	
Revenues				
Taxes and penalties	15,668	0	10,491	26,159
Charges for services	0	15,750	0	15,750
Total Revenues	15,668	15,750	10,491	41,909
Expenditures				
Current				
Public safety	0	17,284	0	17,284
Health and welfare	16,435	0	10,491	26,926
Capital outlay	0	0	0	0
Total Expenditures	16,435	17,284	10,491	44,210
Excess of Revenues Over (Under) Expenditures	(766)	(1,535)	0	(2,301)
Other Financing Sources (Uses)				
Operating transfers in	766	1,535	0	2,301
Operating transfers (out)	0	0	0	0
Total Other Financing Sources (Uses)	766	1,535	0	2,301
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	0	0	0	0
Fund Balance-April 1, 2004	0	0	0	0
Fund Balance-March 31, 2005	\$ 0	\$ 0	\$ 0	\$ 0

ANGLE & STEFFES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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September 15, 2005

In planning and performing the audit of the Financial Statements of the Township of Bangor for the year ended March 31, 2005, we considered the Township's internal control structure to determine audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of a few matters that are an opportunity to strengthen internal control and increase operating efficiency. We offer the following items for your consideration.

Uninsured Funds

As of the audit date, the Township had cash funds in two banks, the West Michigan Savings and Fifth/Third Banks, with a total of \$357,549 over the federally insured level as of March 31, 2005. We recommend that no more than \$200,000 be maintained in any one bank, \$100,000 limit each in savings and demand accounts, to avoid risk of uninsured losses that may occur. We are aware that the Township officials have moved funds to additional banks subsequent to the audit date. Your continued attention to the Township's cash funds will result in increased interest earnings and avoid loss from uninsured funds.

General

In general the internal control systems of the Township are good and functioning properly. The comments noted above will help the Township strengthen the existing controls and will help provide greater accountability to residents of the Township.

We greatly appreciate the help and cooperation given us by all Township employees and officials.

Respectfully submitted,


Angle & Steffes, P.C.
Certified Public Accountants